

Message Text

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ACTION EUR-12

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TO SECSTATE WASHDC 0608
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY MADRID
AMEMBASSY MOSCOW
AMCONSUL OPORTO
AMEMBASSY PARIS
AMCONSUL PONTA DELGADA
USMISSION NATO
DIA WASHDC
USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L LISBON 2215

DEPT PASS TREASURY FOR SYVRUD

E.O. 11652: XGDS-2
TAGS: PINT PO
SUBJECT: POLITICAL DEVELOPMENTS: DEMOCRATIC PARTIES SUPPORT
GOVERNMENT

REFS: (A) LISBON 2164 (DTG 171820Z MAR 77),
(B) LISBON 1628 (DTG 011527Z MAR 77),
(C) LISBON 2117 (DTG 161806Z MAR 77)

SUMMARY: THE THREE DEMOCRATIC PARTIES SUPPORTED GOVERNMENT
ECONOMIC MEASURES IN THE MAR 17 ASSEMBLY DEBATE. THE PRESIDENT'S
TOP CIVIL AIDE TOLD EMBOFF THAT THE DEMOCRATIC PARTY
LEADERS HAD AGREED IN A MAR 15 MEETING WITH THE PRESIDENT ON
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A COMMON STRATEGY OF ISOLATING THE COMMUNISTS. END SUMMARY.

1. THE LEGISLATIVE ASSEMBLY DEBATE ON THE GOVERNMENT
ECONOMIC PROGRAM CONCLUDED MAR 17 WITH THE PRIME
MINISTER AND THE POLITICAL PARTIES REPEATING PREVIOUSLY
STATED POSITIONS (REF A):
-- SOARES DEFENDS PROGRAM: PRIME MINISTER SOARES

REPEATED MANY OF THE THEMES OF HIS MAR 1 TELEVISED ADDRESS ON ECONOMIC MEASURES (REF B). SOARES SAID HE WAS ENCOURAGED THAT OPPOSITION WAS NOT SYSTEMATIC AND THAT THERE WAS NO INTENTION TO TOPPLE THE GOVERNMENT. HE NOTED THAT NO ALTERNATIVE TO THE GOVERNMENT'S ECONOMIC POLICY HAD BEEN PRESENTED AND HIT THE COMMUNISTS HARD FOR THEIR ADVOCACY OF "TOTALITARIAN SOCIALISM."

-- SA CARNEIRO FORESEES DEMOCRATIC MAJORITY: PSD LEADER SA CARNEIRO REAFFIRMED QUALIFIED PSD SUPPORT FOR GOVERNMENT ECONOMIC MEASURES. HE SAID HE SAW THE FIRST OUTLINES OF A DEMOCRATIC MAJORITY OF THE PS, PSD, AND CDS, WITH PCP AND UDP IN OPPOSITION.

-- CDS CALLS FOR DEMOCRATIC UNITY: CDS VICE PRESIDENT AMARO DA COSTA SUPPORTED THE ECONOMIC MEASURES AND SAID THE WAY WAS OPEN FOR CONSTRUCTION OF A NEW "POLITICAL CONTRACT" BASED ON DEMOCRATIC UNITY.

-- PCP OPPOSES: PCP FLOOR LEADER CARLOS BRITO OPPOSED THE ECONOMIC MEASURES AND CHARGED THAT DEVALUATION WAS A CONDITION FOR FOREIGN LOANS.

-- FAR LEFT HITS MEASURES: THE FAR LEFT UDP DEPUTY AND TWO RECENTLY EXPELLED PS DEPUTIES AIRES RODRIGUES AND CARMELINDA PEREIRA OPPOSED THE ECONOMIC MEASURES AS CONTRARY TO THE INTERESTS OF THE WORKING CLASS.

2. CONVERGENCE OF DEMOCRATIC PARTIES: PRESIDENT'S CHIEF OF CABINET GRANADEIRO TOLD EMBOFF MAR 17 THAT THE MAR 15 MEETING CALLED BY PRESIDENT EANES, OSTENSIBLY ON THE AZORES AND MADEIRA, HAD RESULTED IN AN AGREEMENT CONFIDENTIAL

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AMONG SOARES, SA CARNEIRO, AND FREITAS DO AMARAL TO FORM A COMMON FRONT IN SUPPORT OF THE GOVERNMENT'S ECONOMIC PROGRAM (REF B). GRANADEIRO SAID THE PS, PSD, AND CDS LEADERS AGREED WITH THE PRESIDENT ON AN EFFORT TO ISOLATE THE COMMUNISTS IN THEIR OPPOSITION TO THE ECONOMIC MEASURES. A PSD INSIDER TOLD EMBOFF LEADERS WAS AN IMPORTANT STEP TOWARD AN UNDERSTANDING AMONG THE DEMOCRATIC PARTIES.

3. COMMENT: STEADY PRESIDENTIAL PRESSURE ON BEHALF OF PARTY COOPERATION IN THE FACE OF THE ECONOMIC CRISIS IS BEARING FRUIT. MARIO SOARES'S RECENT REAFFIRMATIONS OF THE PS INTENTION TO CONTINUE GOVERNING ALONE, HOWEVER, INDICATE THAT SA CARNEIRO'S VERSION OF A "DEMOCRATIC MAJORITY" (READ COALITION), ARE PREMATURE. CARLUCCI

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